

**Testimony of
Todd Whitehouse**

Finance, Revenue & Bonding Committee

March 7, 2011.

***In opposition to Sec. 24 (II) of S.B. No. 1007 AN ACT
CONCERNING THE GOVERNOR'S RECOMMENDATIONS ON
REVENUE.***

Senator Daily, Representative Widlitz, members of the Finance Committee.

I am Todd Whitehouse and I am the proud owner of Connecticut Car Wash.

I'm here to testify on S.B. No. 1007 AN ACT CONCERNING THE GOVERNOR'S RECOMMENDATIONS ON REVENUE.

Specifically, I'm here to oppose Sec. 24 (II) of S.B. 1007, which will impose the sales tax on Motor vehicle washing, waxing and detailing services, whether or not automated

Being a Connecticut family owned small business company who employees Connecticut Residents and provides a great service for the Connecticut motoring public, I am respectfully asking that when you reconsider this bill to please keep in mind the positive impact the professional car wash industry has on the environment, entry level employment and community charitable events, such as Grace for Vets and many other local organizations. With this proposed taxation the industry as a whole will be harmed.

Our industry has a number of various wash types including conveyORIZED tunnels which includes full-serve, flex-serve and express exterior. In-bay automatics which includes touchless and roll-over washes, and also self-serve bays. The vast difference is that the conveyORIZED tunnels are typically staffed and attended whereas in-bays and self-serves are not. The point of sale mechanical structure of each of these washes varies greatly.

Attended tunnels may have the ability to collect the proposed sales tax, whereas the in-bays and self-serves point of sale are mechanically structured to accept dollars, quarters, tokens or dollar coins individually. Therefore, the ability to collect the proposed sales tax at the point of sale, which is the intent of the sales tax, is impossible to collect. This imposes an undue burden of the sales tax directly as a gross receipt tax on the business itself which is not the intention or wishes of this committee.

As Governor Malloy stated on March 2, 2011 at New London's Town Hall Meeting, his answer on this very topic was to "increase our prices". This is to ask our industry to price ourselves out of business thus creating an unnecessary burden on the state adding to the unemployment and creating home washing which will have a dramatic negative impact on the local streams, rivers and environment as a whole just to name a few.

For example, some self-serve car washes can only accept dollar coins or tokens at the cost of \$1. As Governor Malloy stated to increase our price would force the consumer on a \$3 car wash to pay \$4. This would be a price increase of 33%. With the current economy, high unemployment rate, rising gas prices, difficult weather trends and being a discretionary purchase not a necessity of life; simple economics would prove with this increased rate you would be pricing yourself out of business.

This also presents an inequity between different washes even in the same area. If my self-serve competitor has to increase his price by \$1 to collect \$.6 and I collect the sales tax directly from my customer at my conveyORIZED location, this creates an uneven playing field for each of us.

I am sincerely requesting that you NOT re-impose the sales tax on professional car washes and let us continue to provide a great service for the Connecticut motoring public.

Thank you for the opportunity to testify before you today about this harmful new tax. I would be happy to answer any questions you may have.